GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:568
ANSWERED ON:26.04.2001
EXPLORATION BLOCKS OFFERED UNDER NELP - II
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the exploration blocks offered by the Government under the second round of the NELP-II have failed to generate much response from major international oil and gas companies;

(b) if so, the facts and details thereof;

(c) the reasons which forced the major foreign oil and gas companies to opt out from the offer of the exploration blocks under NELP-II; and

(d) the details of losses likely to be suffered by the Government due to opt out decision taken by foreign oil and gas companies?

Answer

MINISTER OF PETROLEUM & NATURAL GAS (SHRI RAM NAIK)

(a) to (d) :- A Statement is laid on the Table of the House.

Statement referred to in reply to parts (a) to (d) of the Lok Sabha Starred Question No. 568 for answer on 26.4.2001 regarding `Exploration Blocks Offered under NELP-II.`

(a) to (c) :- The basic objective of the Government under the New Exploration Licensing Policy (NELP) is to get oil and gas explored in the country, through technically and financially qualified organizations whether Indian or foreign, small or large. As such, bidding companies are required to meet certain technical and financial criteria and size of the company is not a vital criteria for selection. By the bid closing date 31.03.2001 under the second round of NELP (NELP-II), a total of 44 bids for 23 blocks out of 25 blocks offered were received and 6 foreign companies and 7 Indian companies participated in the bidding process.

None of the 6 foreign companies falls under the category of `major` international oil companies. However, decision of participation on bidding for an exploration block depends on the business strategy and future plans of each oil company. Internationally many oil companies prefer to acquire interest (farm-in) in acreages only after oil and gas resources have been established which is already provided in the Production Sharing Contracts under NELP.

(d) No loss to the Government is envisaged due to non-participation by `major` international oil and gas companies, since it is expected that all the blocks bid will be awarded for exploration.